

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

CHIEF HEARING OFFICER DIRECTIVE

DOCKET NO. 2019-290-WS ORDER NO. 2022-30-H

APRIL 12, 2022

CHIEF HEARING OFFICER: David Butler

DOCKET DESCRIPTION:

Application of Blue Granite Water Company for Approval to Adjust Rate Schedules and Increase Rates

MATTER UNDER CONSIDERATION:

Ruling on Proposed Notices After Approval of Settlement Agreement

CHIEF HEARING OFFICER'S ACTION:

This matter comes before the Chief Hearing Officer for consideration of Proposed Notices to customers after the Commission approval of the Settlement Agreement between the Parties in this case.

In its Directive of March 24, 2022, the Public Service Commission of South Carolina ("the Commission") approved and adopted the Stipulated Settlement Agreement offered by the Office of Regulatory Staff ("ORS"), South Carolina Department of Consumer Affairs ("Consumer Advocate"), Forty Love Point Homeowners' Association ("Forty-Love"), and Blue Granite Water Company ("Blue Granite" or "the Company"). The Commission then held that Blue Granite was directed to prepare a Proposed Notice in consultation and work with counsel for ORS, the Consumer Advocate, and Forty-Love. Blue Granite was further directed to provide and submit the Notice to the Commission for review no later than April 2, 2022. Further, the Commission held that a Commission Hearing Officer has the authority to approve the Notice for publication and mailing following receipt of input from Commission Staff. The Directive then specified the contents and general format of the Proposed Notice, and instructions for furnishing the Notice to customers by various means following approval of the Notice.

Blue Granite has duly followed the instructions provided by the Directive, and has furnished the Proposed Notice in compliance with that Directive. After due consideration by the Commission Staff, certain modifications to the Proposed Notice were suggested to Blue Granite. The Consumer Advocate also proposed certain changes. Blue Granite accepted the changes for its Proposed Notice. The modified Notices in question (minus the effective date) are attached to this Directive.

Blue Granite did state that the previously proposed effective date for the new rates of April 15 might not be achievable in terms of issuing the new Notice. Instead the new Proposed

Notice has a blank for the effective date. The Company has pledged that once it gets approval of the rest of the Notice, it can provide the Commission with an effective date as quickly as possible so it could ensure that the Notices will be in the customer bills.

After due consideration, the Notices (minus the effective date) attached hereto are approved as being compliant with the March 24, 2022 Commission Directive, and, once the effective date is determined and added to the Notices, are suitable for publication and mailing. However, in order to complete the Notices, the missing effective date must be furnished to the Commission no later than Noon on Wednesday, April 13, 2022. This completes the Chief Hearing Officer's Directive.

Notice to Customers on the Public Service Commission's Decision in Docket 2019-290-WS

The Public Service Commission of South Carolina ("PSC") approved an increase in the South Carolina retail rate schedule of Blue Granite Water Company ("Blue Granite" or "Company"). The rate case began on October 2, 2019 when the Company filed an Application for Approval to Adjust Its Rate Schedules and Increase Rates. Six customer public hearings were held in early 2020. The PSC held a hearing on the Company's request from February 26, 2020, to March 2, 2020. In Order No. 2020-306, the PSC denied a large portion of the Company's rate request, and the Company appealed. On September 1, 2020, while the appeal was pending, the Company increased its rates to those approved by the PSC. On September 1, 2021, the Supreme Court of South Carolina issued an order on the appeal. The Court agreed with the PSC on some issues, reversed and sent other issues back to the PSC for more review. *In re Blue Granite Water Co.*, 434 S.C. 180, 862 S.E.2d 887 (2021).

The issues returned to the PSC for review dealt with the amount of money Blue Granite can get back from its customers via rates charged in five areas: (1) deferred costs paid to third-party providers of wholesale water and sewer treatment services; (2) ongoing costs paid to third-party providers of wholesale water and sewer treatment services; (3) certain legal fees paid in prior cases filed with the PSC; (4) legal fees paid in Administrative Law Court ("ALC") hearings relating to Blue Granite's I-20 system; and (5) rent expense for the Company's office.

The South Carolina Office of Regulatory Staff, the South Carolina Department of Consumer Affairs, the 40 Love Point Homeowners' Association, and Blue Granite proposed a settlement on these issues. The settlement sets the amount of money the company can get back from its customers via rates as: (1) \$2,563,596, collected over five years, for deferred purchased services; (2) \$7,591,016 in ongoing costs for purchased services; (3) \$36,864, collected over three years, for legal fees paid in previous cases filed at the PSC; (4) \$282,721, collected over five years, for legal fees spent on ALC hearings; and (5) \$48,834 for office rent expense.

On March 24, 2022, the PSC approved the settlement. The new rates as based on the order will be starting (date):

SUMMARY OF RATE CHANGES

Service Territory	Customer Group	Charge Type	Original Request	Approved 9/1/2020 Rates	New Settlement 4/ /2022 Rates
Water Territory #1	Residential - Wells	Base	\$22.09	\$14.38	\$14.38
		Volume	\$8.59	\$8.37	\$8.61
	Residential - Purchased Water	Base	\$22.09	\$14.38	\$14.38
		Volume	\$11.60	\$11.30	\$11.63
Consolidated Sewer	Residential Per SFE	Base	\$101.30	\$78.25	\$86.47

HOW NEW RATES AFFECT THE AVERAGE CUSTOMER

			Current Rates Effective September 1, 2020				New Settlement Rates Effective April __, 2022				
Service Territory	Customer Group	Use/ Month	Volume Rate	Volume Charge	Base Charge	Total Bill	Volume Rate	Volume Charge	Base Charge	Total Bill	% Change
Water Territory #1	Residential - Wells	4,700	x \$8.37	= \$39.34	+ \$14.38	= \$53.72	x \$8.61	= \$40.47	+ \$14.38	= \$54.85	2.10%
	Residential - Purchased Water	4,600	x \$11.30	= \$51.98	+ \$14.38	= \$66.36	x \$11.63	= \$53.50	+ \$14.38	= \$67.88	2.29%
Consolidated Sewer	Residential Per SFE				\$78.25	= \$78.25			\$86.47	= \$86.47	10.50%

Notice to Customers on the Public Service Commission's Decision in Docket 2019-290-WS

The Public Service Commission of South Carolina ("PSC") approved an increase in the South Carolina retail rate schedule of Blue Granite Water Company ("Blue Granite" or "Company"). The rate case began on October 2, 2019 when the Company filed an Application for Approval to Adjust Its Rate Schedules and Increase Rates. Six customer public hearings were held in early 2020. The PSC held a hearing on the Company's request from February 26, 2020, to March 2, 2020. In Order No. 2020-306, the PSC denied a large portion of the Company's rate request, and the Company appealed. On September 1, 2020, while the appeal was pending, the Company increased its rates to those approved by the PSC. On September 1, 2021, the Supreme Court of South Carolina issued an order on the appeal. The Court agreed with the PSC on some issues, reversed and sent other issues back to the PSC for more review. *In re Blue Granite Water Co.*, 434 S.C. 180, 862 S.E.2d 887 (2021).

The issues returned to the PSC for review dealt with the amount of money Blue Granite can get back from its customers via rates charged in five areas: (1) deferred costs paid to third-party providers of wholesale water and sewer treatment services; (2) ongoing costs paid to third-party providers of wholesale water and sewer treatment services; (3) certain legal fees paid in prior cases filed with the PSC; (4) legal fees paid in Administrative Law Court ("ALC") hearings relating to Blue Granite's I-20 system; and (5) rent expense for the Company's office.

The South Carolina Office of Regulatory Staff, the South Carolina Department of Consumer Affairs, the 40 Love Point Homeowners' Association, and Blue Granite proposed a settlement on these issues. The settlement sets the amount of money the company can get back from its customers via rates as: (1) \$2,563,596, collected over five years, for deferred purchased services; (2) \$7,591,016 in ongoing costs for purchased services; (3) \$36,864, collected over three years, for legal fees paid in previous cases filed at the PSC; (4) \$282,721, collected over five years, for legal fees spent on ALC hearings; and (5) \$48,834 for office rent expense.

On March 24, 2022, the PSC approved the settlement. The new rates as based on the order will be starting (date):

SUMMARY OF RATE CHANGES

Service Territory	Customer Group	Charge Type	Original Request	Approved 9/1/2020 Rates	New Settlement 4/ /2022 Rates
Water Territory #2	Residential - Wells	Base	\$38.58	\$28.59	\$28.59
		Volume	\$13.86	\$12.71	\$12.84
	Residential - Purchased Water	Base	\$38.58	\$28.59	\$28.59
		Volume	\$15.99	\$14.66	\$14.82
Consolidated Sewer	Residential Per SFE	Base	\$101.30	\$78.25	\$86.47

HOW NEW RATES AFFECT THE AVERAGE CUSTOMER

Service Territory	Customer Group	Use/ Month	Current Rates Effective September 1, 2020				New Settlement Rates Effective April , 2022				
			Volume Rate	Volume Charge	Base Charge	Total Bill	Volume Rate	Volume Charge	Base Charge	Total Bill	% Change
Water Territory #2	Residential - Wells	3,900	x \$12.71	= \$49.57	+ \$28.59	= \$78.16	x \$12.84	= \$50.08	+ \$28.59	= \$78.67	0.65%
	Residential - Purchased Water	3,600	x \$14.66	= \$52.78	+ \$28.59	= \$81.37	x \$14.82	= \$53.35	+ \$28.59	= \$81.94	0.70%
Consolidated Sewer	Residential Per SFE				\$78.25	= \$78.25			\$86.47	= \$86.47	10.50%